

the
with
1937.
the
with
ing
The
onal
onal
tion
eral-
tical
raw-
tary,
men
ling
and
By
1937.
lems
uded
naxi-
ordi-
Dr.
1.50.
erson
y or
Graw-
eeded
poses
overs
w to
ol of
ional
State
stein.
usses
ulties
ssions
a rea-
npiled
York,
Delta
wered
bibli-
y, and
review

The Management REVIEW



COMMENT • DIGEST • REVIEW

THE AMERICAN MANAGEMENT ASSOCIATION

The American Management Association is composed of industrial and commercial companies and executives interested in modern management. The AMA makes no profit, does no lobbying, and advances no propaganda. Its interests are solely the solution of current business problems.

Organization and Operation

The AMA serves its members through six divisions: Office Management, Insurance, Personnel, Finance, Marketing, and Production. Each of these divisions is headed and directed by a man drafted from industry.

Conferences

Each of the six AMA divisions holds at least one annual conference, where problems of timely importance in its field are discussed. Printed conference proceedings go to members of the divisions concerned.

Information and Research

The AMA Information and Research Department places at the command of every member company a trained research staff on management problems. In addition, the AMA maintains a modern, up-to-date library of management books and business publications.

AMA Periodicals

THE MANAGEMENT REVIEW (monthly) contains digests of articles on management appearing in over 400 publications, and brief reviews of current business books. It enables a busy man to survey all current topics of interest to him in less than 30 minutes. PERSONNEL (quarterly) publishes articles on employee selection, training, compensation, and the like. BUSINESS CONDITIONS AND FORECASTS (monthly) gives a summarized analysis of the statements of seven of the foremost business services.

Editor — JAMES O. RICE, 330 West 42nd Street, New York, New York

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XXVII, No. 4, April, 1938. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

• CONTENTS •

APRIL, 1938

Volume XXVII

Number 4

Copyright, 1938
American Management Association

The Management REVIEW

- Current Comment 110
By COL. LEONARD P. AYRES

The Management Index

- Compulsory Business Anarchy 113
Barron's
- Should Business Decentralize Its
Counter-Propaganda? 113
The Public Opinion Quarterly
- Does Public Education Take? 114
Banking
- How Modern Equipment Cuts Costs . 116
American Business
- Standards of Living 119
The Atlantic Monthly
- Fears That Destroy Morale 122
Conference Board Service Letter
- The Machine and the Worker 126
Industrial Health Research Board
- A Plan for Pre-testing Industrial
Advertisements 128
Industrial Marketing
- Converting Inventory Into Collateral 131
Commerce
- Seven Ways to Raise Capital 132
Forbes
- Occupational Disease Court Definition 133
The Casualty Insuror
- And Others
- Survey of Books for Executives
- Wage Incentive Methods 136
Reviewed by E. E. Brinkman
- A Statement of Accounting Principles 137
Reviewed by Edward N. Hay
- The Art of Packaging 138
Reviewed by Henry J. Howlett
- Personality in Formation and Action 139
Reviewed by Leona Powell
- And Others

*From ghooeties and ghoulies,
Long-legged beasts,
And things that go bump in the night—
Good Lord, deliver us!*

—Old Cornish litany

IN ages past these were the things that workers feared most—phantoms, ghouls, vampires, and other creatures of the night. Surrounded by superstitions, they dreaded all manner of witchcraft and carried charms to combat the evil eye.

This all sounds silly now. But other fears have come—streamlined fears, Diesel-powered fears, political fears, physical fears. These are the “ghoosties” of this year of grace. Harold F. Browne (*Fears That Destroy Morale*, page 122) asks what management is doing to banish these modern hobgoblins—evil spirits that take the form of labor-saving equipment, advancing age, layoffs, and union intimidation. He declares that the most widespread fear among workers today is caused by uncertain tenure of employment. Few companies, he says, have made real efforts to stabilize their operations in such a way as to provide steady employment. Through some rigorous exorcising and casting out of devils management could probably do much to create the all-important bedrock of employee confidence which it now appears is lacking.

WHEN the radio blasts forth messages on economics, who listens?—inquires Walter B. Pitkin (*Does Public Education Take?*) on page 114. The audience is but a fraction of our total population. Nobody under eighteen listens—the youngsters are tuned into a “swing” band; nobody over sixty listens, because economic messages are the same old slush; hill-billies and tramps are hunting rabbits or drinking coffee out of tomato tins, and they aren't interested; mathematical half-wits cannot understand the subject, so they won't listen either. Add to this group of non-listeners all the feeble-minded, criminals, insane, Indians on reservations, etc.—and what have you left? Fifteen million people who don't need messages on economics. So what's the use?

Current Comment

FINANCIAL ANEMIA

Financial anemia is the ailment from which American business is suffering. Anemia is a lack of blood. Financial anemia is a deficiency in the flow of new business capital. The capitalistic system requires a continuous flow of new capital, and in our case the flow has become inadequate, and business stagnation has resulted.

There are two main sources of new business capital. One consists of the internal savings of business. These are funds companies earn and plow back into their own operations in the form of replacements, additions, and betterments of plant and equipment. A second source is new capital raised by the sale of securities. This capital comes from the external savings of others, rather than from the internal savings made by the companies themselves.

Under exceptional conditions, as in war time or in such a period as the past five years, the flow of reinvestment funds to private savers and to corporate savers may be greatly increased by expenditures which government may make in excess of the amounts it is taking back from the public through taxation. Such added contributions come from government borrowing.

Under present conditions the internal savings of companies are constricted because the government has imposed heavy, progressive taxes on the undistributed earnings of corporations. The volume of earnings has been reduced through the sudden increases in wages, and the amounts retained have been cut down by the new taxes.

The flow of new capital raised by the sale of securities has been reduced by rigorous new restrictions on the issuing of new securities. The market for new securities has been restricted by increases in the capital gains taxes and advanced surtaxes on the higher individual incomes. These restrictions have restrained capitalists from taking risks, and investors from being venture-some.

These restraints against capital formation and capital flow had been in effect before the recent business down turn. The handicaps they imposed were largely hidden by the huge outpourings of government borrowed funds. Now the government has curtailed its borrowings because its revenues are supplied from higher taxes and social security income. The result is an acute business relapse caused by under-investment.

The capitalistic system requires a continuous flow of new capital. Part of the necessary stream of new capital is normally supplied by the earnings which corporations retain and use for replacements, improvements, and additions in their own plants and equipment. Another large part is secured from the capital markets by the sale of notes, bonds, and stocks.

Early in 1920 the total sales of new capital securities in the previous 12 months had amounted to three billion dollars exclusive of refunding issues, federal issues, and foreign securities. By the close of 1929 it had risen almost to eight billions.

Then it fell to a little more than half a billion in 1933, but by then it was being supplemented by a flow of new federal borrowing. Both together amounted to less than two and a half billions in 1933. This contribution to national income from federal borrowing represents amounts which the government borrowed and spent in excess of those it took back through taxation.

The sum total of the two classes of contributions to national purchasing power increased vigorously in 1934, 1935, and 1936, and during that time activity was recovering. By early 1937 the total contribution from private and public new borrowing was at a rate well above six billions a year. Then the new higher taxes went into effect. They included higher income taxes, those on undistributed profits, and social security taxes.

Receipts from these taxes were so great that by the end of 1937 government was taking from purchasing power as much as it contributed, and recently the combined public and private contribution was below the levels of 1933. The government had withdrawn its net contributions before restoring sufficient business confidence to lead corporations to increase borrowings enough to compensate for the federal withdrawal. This restricted capital flow when corporate resources were depleted.

COL. LEONARD P. AYRES,
The Cleveland Trust Company.

THE MANAGEMENT INDEX*

Abstracts and News Items

GENERAL MANAGEMENT

The Recovery Problem in the United States

It is sometimes said in business circles that nothing more than confidence is required to induce activity in the production of capital goods. This seems to me to be a most superficial view. A widespread advance in costs and prices, for example, in the heavy industries, under the favorable influence of a wave of confidence, would probably check expansion and create further obstacles in the way of subsequent improvement. Much the same observation may be ventured regarding amendment or repeal of the undistributed profits and capital gains taxes. These, along with the growing tendency to rely upon forecasts of business conditions in the determination of business policies, are minor obstacles in the path of recovery.

Something more than a removal of obstacles is needed to bring about a large and continuing expansion of the capital equipment of the country. For the investment of capital on a large scale, three influences or conditions

would seem to be essential. They are: first, large supplies of capital available at low rates; second, relatively low prices for the concrete products on which investment funds are expended; third, and of most importance, reasonable expectations that there will be a satisfactory demand from consumers for the additional goods and services resulting from the investment of additional capital.

The first of these factors does not of itself exert sufficient influence to increase activity in the production of capital goods. The second condition can best be effectuated by the concerted action of heavy industries to reduce prices to the point at which a modest profit would be realized as production approached capacity; and following the adoption of such a policy, the industries concerned would be in a far better condition than now to insist upon increased efficiency and perhaps a reduction in some wage scales. Finally, it is evident that there is reasonable ground for anticipating an increase in the demand for the products of the capital goods industries

*For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

if prices are materially reduced—particularly in the housing field. By O. M. W. Sprague. *The American Economic Review*, March, 1938, p. 1:7.

Compulsory Business Anarchy

The "empire of business" is a myth. In spite of much nonsense talked about the Sixty Families and interlocking directorates, there is no one man or group of men who control or can control American business as a whole or even separate sections of it. Business is not an autocracy. It is a sheer anarchy of countless corporations, firms, individual business men, and investors—with stakes running from a few dollars to multiple millions. This is the real situation, and it holds very serious dangers.

For one thing, there is public opinion. The public and politicians may properly criticize this or that business man or concern, but to hurl epithets at "business" is inherently unjust—and as useful as trying to shoot a cloud.

There are other dangers. According to an old Spanish saying, it is the baby that cries that gets the milk. In a great nation, only organized groups can be as vociferous as a baby in the family. Such organized groups as the farmers, veterans, and others get their milk; but in America today there are two great organizations—government and labor—which are grinding unorganized business to powder by a process similar to the ancient punishment of the *peine forte et dure*, that is, the killing of the victim by squeezing him under weights

too heavy to be borne. Business profits are being destroyed by the increasing weight of taxes and wages.

The difficulties of organizing business appear to be almost if not wholly insuperable. The present anarchy cannot be brought into order by the one "strong man" method; the field is too vast and complex for one-man business control or leadership. Neither can business men organize a democratic or representative control over business—not, at least, without running head-on into the anti-trust and other laws.

Why should business men have anarchy, with all its attendant evils, forced upon them? If business is not to be allowed to operate any controls over itself, and all controls are to come from Washington, two things are certain to anyone who has watched that method in other countries. One is that government simply cannot successfully run or regulate all the complex economic life of a modern nation. The other is that such an attempt is the death knell of democracy and freedom. By James Truslow Adams. *Barron's*, March 7, 1938, p. 3:1.

Should Business Decentralize Its Counter-Propaganda?

In attempting its own defense against anti-business propaganda, business starts off under numerous handicaps:

First, it has no united voice. *Second*, under any circumstances, business is poorly integrated, and lacks a well-defined common purpose. *Third*, a business man, individually, is stirred

to action only by imminent threat of an overwhelming dollar loss in his own immediate affairs. He is aroused only when the raven perches on his own threshold. *Fourth*, leaders in business, with few exceptions, are unskilled in the more subtle aspects of symbol management; verbal bludgeoning is practically the only tool they know how to use. *Fifth*, business has not yet begun to realize that social-minded accomplishment, rather than words alone, is the real substance of effective counter-propaganda. *Sixth*, the individual leaders in business are not yet ready humbly to shoulder part of the burden in their own localities and thus prove their technique by showing that they can propagandize a few hundred people successfully.

Elections are won in the precincts. So are propaganda battles. The place for the business man to begin effective counter-propaganda is in his own community—in Parent-Teacher Association meetings, for example. A business man whose reputation makes him a worthy propaganda mouthpiece can get on the program of a P.T.A. for 15 minutes almost any day. If 20,000 business men followed such a home-propaganda program intelligently for the next year, accomplishment of the job which now seems enormous would become possible.

No Chamber of Commerce of the United States or National Association of Manufacturers knows half so well how to do that local job as the fellow who lives there and whose enterprise supplies the payrolls in the community. No such national body can get

so quickly to the firing line. When business leaders cease thinking of defensive business propaganda as a nationwide opportunity to exhibit a well-starched front, with a background of white ties and swallowtails, and begin to think of it as a serious local responsibility for insuring the survival of private enterprise, then will they begin to do an effective job of counter-propaganda. By Burton Bigelow. *The Public Opinion Quarterly*, April, 1938, p. 321:4.

Does Public Education Take?

The latest media through which industrial leaders have attempted to influence the masses are the radio and motion pictures. Neither method has yet been tested thoroughly enough to convince the experimenters one way or another.

Two techniques are being used. One aims to build good will among people who need to be converted to the American economic system. It is hoped that such good will must in time soften their hearts—and, eventually, their minds—to the point of altering their behavior at the polls. However, good will built on esthetic pleasures is worthless in the hard world of cash and carry, except in utterly trivial dealings.

The second technique aims at genuine education rather than good will. Analyzing this technique as it applies to radio only, we discover that if industry were to spend hundreds of millions annually on educational radio programs it could never materially in-

crease the number of Americans favorably disposed toward our capitalistic system.

In the first place, *nobody under 18 listens at all.* (Maybe one prodigy in Montana does, but never mind him.) Children and youngsters lack the background and the need required for even a faint interest in the problems and methods of capitalism.

Nobody over 60 listens at all. They heard all the Eternal Truths decades ago. If the old-timers did listen, it wouldn't change their ideas.

Hill-billies, tramps, members of sundry cults, sincere devotees of the barter system, and all other citizens who have no traffic with the money and profit system don't listen. They are content with muskrat stew when there aren't any rabbits handy. They dig in for winter like the bears. They plan no further ahead than the next hiccup.

No mathematical half-wits and nit-wits will listen. For they can't make sense out of economics anyhow.

Thus, if we deduct from 130 million Americans the 58.5 millions who are under 18 or over 60, the 23.8 millions who are outside the money and profit system, and the 23.8 millions who are mathematical incompetents, there remain about 24 million Americans who are industry's potential pupils. But when we deduct from these the aliens, criminals, insane, feeble-minded, Indians on reservations, etc., totaling 8.95 millions, there are left about 15 millions Americans—who *don't need to be educated.*

Does it pay to educate the public?

Yes, if you educate; no, if you don't. Judge ends and means by results only. By Walter B. Pitkin. *Banking*, March, 1938, p. 20:2.

There Are Booming Markets

The present recession is not international, and the outlook in many parts of the world is not so uncertain as many business men in the United States believe. It might be a wise policy for American industry to endeavor to offset its current decrease in sales by cultivating those markets where there is no depression and none is likely for several years to come.

In the Union of South Africa there is no depression and no hard times. The gold, diamond, and coal mining industries are in excellent shape, and building is booming. There is a demand throughout the Union for building material, mining and agricultural machinery, as well as for electric refrigerators, radios, innerspring mattresses, cosmetics and tinned goods of all kinds. The people of South Africa seem able to purchase what they desire, and American-made goods are preferred and bring higher prices.

South of us, in Argentina, there is no unemployment and little poverty; Argentinians are in a position to purchase goods which may be classified as "luxury" products. Westward, in New Zealand, conditions are prosperous, and the demand for automobiles in that country will steadily increase.

India, Burma, Ceylon, and the Straits Settlements are booming. Con-

ditions in India will necessitate the importation of various kinds of machinery, tractors, motor cars, trucks, and possibly trailers. There has been an expansion in imports of commercial and domestic refrigerators

throughout India. Pumps and pumping machinery will also be required, and sales of American radio sets can be increased appreciably. By J. Roland Kay. *Commerce*, March, 1938, p. 25:3.

OFFICE MANAGEMENT

How Modern Equipment Cuts Costs

The Skelly Oil Company recently moved its sales offices in Kansas City to new scientifically constructed quarters.

The entire structure is air conditioned, scientifically lighted, and acoustically treated. Walls have 1½-inch furred-out air space and insulation which makes it possible to turn off the heating at 38 degrees Fahrenheit, since the lighting system automatically provides heat from that point on up to the desired temperature.

Skelly has modernized, mechanized, and electrified bookkeeping in its three main marketing divisions. Statements are made out for retail customers and ledgers are posted in the same operation; and it has been found that considerable time is saved by folding the statements in a folding machine. A central stenographic department handles all machine-dictated correspondence and telegrams. In all de-

partments there are steel desks and posture chairs; and 18 foot-candles of light are provided for all working surfaces.

Typewriters are mounted on slabs of acoustic material which absorbs vibration and noise. And by using tabulating machines and punched cards to post its container records, the company has doubled its business and cut its clerical help for this operation in half. *American Business*, March, 1938, p. 41:8.

Short Cuts in Stock Records

The expense of stock records can be reduced in many cases by the elimination of superfluous or insignificant data.

Records need not be posted with pen and ink. This requires longer than posting with pencil, and it has been found from experience that, if a good grade of pencil is used, the records are perfectly clear and last as long as stock records are wanted.

Precise dates of receipts or ship-

men
not
date
rece
The
ship
eith
mon
if th
prob
begi
M
the
on
men
by t
a g
ship
tice
only
migh
man
reco
the
men
men
lor.
p. 1

In
Ame
the s
tuati
dent
erati
initia
it re
moti

April

ments are seldom of interest, and need not be recorded. If actually required, dates of receipt can be ascertained from receival reports with very little trouble. The important information about shipments is the total quantity over either a month or several successive months; for this purpose it is sufficient if the date is noted in the stock records, probably by rubber stamp, at the beginning of each month.

Many stock record systems require the showing of a balance in the "Stock on Hand" column after every shipment. In many cases, nothing is gained by this procedure, and it necessitates a great deal of work when numerous shipments are made daily. The practice of having the stock balance shown only at the beginning of the month might be adopted advantageously by many stock record departments. If the records are reviewed within the month, the reviewer can calculate the balance mentally by deducting the "Total Shipments" up to that date. By R. B. Taylor. *Office Management*, March, 1938, p. 18:2.

Modern Efficiency Dooms Punctuation

In another article in this issue of *American Business* a writer tells of the savings effected by omitting punctuation marks in address cards on student records. Approximately 50 operations have been eliminated in the initial typing of each card; and since it requires as much time, effort, and motion to write a comma or a period

as it does to write a letter of the alphabet, the savings are appreciable.

Many companies are adopting the plan of actually filing off the punctuation marks on billing machines or typewriters used for billing, addressing, heading ledger cards or other similar records. One large rubber company has already begun to drop most of the punctuation marks from addresses and salutations in letters.

Office managers who have tried to adopt the plan point out that the best way to achieve results is actually to obviate the possibility of using any punctuation whatever by removing the marks from the writing machines, or substituting something else on the keys usually used for punctuation. Unless this is done, new operators will require several weeks to drop the habit of punctuating. *American Business*, March, 1938, p. 63:1.

Clerical Research

When an investigation of an office system indicates the necessity of a revised or different system, the investigators should first draw up an outline of the principles and advantages of the new scheme. When this is approved by management and others concerned, a detailed routine must then be prepared. Wherever possible, this should be incorporated in a written report of sufficient detail to enable a person to take over the job without outside instruction.

It is frequently suggested that during such planning the investigator utilize charts, printed forms, and the

like; we are inclined, however, to doubt the usefulness of these. Route charts, for example, rarely do more than illustrate something which is already obvious; and I have yet to discover the value of an organization chart of the family-tree variety. Time and motion study is, of course, a helpful adjunct of the clerical investigator. If the comparative merits of various systems are not apparent, the investigator must devise experiments which will meet the case without being too elaborate. Discussion will aid him considerably throughout his work.

Liberal use should be made of sub-headings in the report of the new

routine. Ordinarily, each standard operation is followed by five or six cases of exceptional procedure; but it is better to omit these from the main part of the routine and list them separately.

When a system is installed, a manual of standard practice, showing details of all operations, should be compiled. This will prevent alterations in methods in the course of time, except after proper consideration and agreement.

Various other factors in clerical research technique are discussed in this article. By Geoffrey Mills. *Industry Illustrated*, March, 1938, p. 43:2.

PRODUCTION MANAGEMENT

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Migration*

Differences in the Earnings of Women and Men

Average earnings of women are considerably below the average of bare entrance rates of men for common labor in the same industries. In three states that have reported men's and women's wages over some 12 to 20 years, women's average wages in manufacturing almost always have been less than 60 per cent as great as men's.

Certain recent reports show that the

average wages of women office workers ordinarily are at least one-fifth below those of men (though the discrepancies are less in the more skilled types of work). In states that have reported wages of men and women clerical workers over a series of years, women in office work have received only about 50 to 60 per cent as much as men.

Women in occupations requiring considerable skill or dexterity were paid less than men in the least skilled jobs in plants making seamless hosi-

ery, men's work clothes and shirts, knit underwear, paper boxes, men's suits and overcoats, candy, and bakery products. In only 3 of 18 manufacturing occupations compared were men and women receiving the same hourly pay. Most of the women were paid only 35 cents or less an hour, though some of their jobs required a considerable degree of dexterity or expertness, and though in almost no case did any man reported in the plant, no matter in how unskilled a job, receive less than 40 cents an hour.

In occupations in plants manufacturing men's clothing and seamless hosiery, though in some cases women's maximum earnings were higher than men's and a number of women earned more than any man, yet larger proportions of women than of men usually were found in the very low pay ranges. By Mary Elizabeth Pidgeon. *Bulletin No. 152, Women's Bureau, United States Department of Labor, 1938. 57 pages.*

Progress of State Minimum-Wage Legislation, 1937

Great expansion in legislation setting standards of minimum wages and maximum hours for women and minors has taken place since the Supreme Court upheld the constitutionality of the Minimum Wage Act of Washington. Acts which had been in abeyance were revived and a number of new acts were passed. At the end of 1937, there were minimum wage acts in 22 states, the District of Columbia, and Puerto Rico.

Typical of the minimum-wage orders issued in 1937 was one fixing a minimum of \$17 per week for women in the retail stores of the District of Columbia and a Massachusetts order fixing a minimum of \$14.40 per week for women in the candy industry. By Louise Stitt and Florence P. Smith. *Monthly Labor Review, January, 1938, p. 194:7.*

Standards of Living

During a recent visit to Europe I studied the comparative length of time American and European workmen must toil to pay for some of the necessities or luxuries of life.

In the United States a man works 2.2 months to provide for a year's rent; in European countries the time varies from two to four months. To purchase a unit of milk, eggs, bread, butter, and beef, an American worker must labor 1.7 hours; in the country that is nearest in this regard a man must work 4.25 hours, or two and one-half times as long, while in another country he must toil more than seven hours.

In the United States it requires 4.5 months' work to pay for an automobile, and in the nearest European country a man must work 8.5 months for it, and in one country two years; in these statistics is evident reason why European workmen use bicycles, or tramways, or walk to work. As a final illustration: in this country a man must labor 3.6 minutes to provide for one kilowatt hour of electrical energy; in the nearest European

country he must work 12 minutes, or over three times as long, and in one country 43 minutes, or 12 times as long.

These are sufficient indications, from the standpoint of the workingman, that if we do not endeavor to make progress too rapidly we may have faith in the future. By Gerard Swope. *The Atlantic Monthly*, March, 1938, p. 341:4.

Wages and Hours of Union Street-Railway Employees, 1937

The average union wage rate of street-car conductors and motormen and bus operators was 72.8 cents per hour in May, 1937, as compared with 69.6 cents in May, 1936. The 8-hour day is provided in a great majority of union agreements, although the 8½-hour and 9-hour days are fairly common. The usual workweek is six days, although a number of agreements specify five days. Work beyond the "regular" run is usually done by substitutes or extras and not as overtime by the regular employees. These extras are subject to call at any time and are generally paid for a specified number of hours on duty, whether or not they are actually put to work. *Monthly Labor Review*, January, 1938, p. 205:8.

Problems of Scientific Management in Unionized Plants

In a large number of cases unions have opposed scientific-management practices, but, on the other hand, they have also cooperated in introducing

scientific-management methods. The attitude of the unions seems to depend to a large extent on the personnel policies and methods of the management.

Employees are naturally suspicious about changes that they do not understand and about which they have not been consulted. In this they are wholly human. Whether or not unions are consulted in management problems directly affecting them, will probably determine their attitude more than any other single factor. If changes in machinery, processes, methods, and the like are worked out with their advice and cooperation, they are likely to help introduce changes that they might otherwise oppose. On the other hand, craft unions are likely to oppose changes that they believe will eliminate need for certain craft skills. Also, unions will need some assurance that unemployment will not result from the proposed changes. However, if employee representatives understand that the company is in a competitive situation requiring cost reductions and unemployment will result unless costs are reduced, they are likely to cooperate in improvements.

Management must be unusually patient and not easily discouraged in its attempt to develop union-management cooperation. Education is a slow process. Human habits cannot be changed overnight. Employees are more prone than management to react emotionally rather than logically to scientific-management problems. On the other hand, management has not always been entirely logical in matters of industrial

relations. Many industrial relations men state privately that their most difficult problem has been educating the management. We should not become discouraged, therefore, if first efforts in educating union leaders do not produce immediate results. By Harold B. Bergen. *Mechanical Engineering*, March, 1938, p. 235:6.

New Remedy for Labor Troubles

While many labor mediation boards have been under heavy fire during recent months, one entirely new tribunal for labor disputes has been quietly rolling up an impressive record.

Last October the Voluntary Industrial Arbitration Tribunal was set up by the American Arbitration Association in response to increasing requests for arbitration of labor controversies. Since then it has settled more than 30 disputes quietly, competently, and to the entire satisfaction of both employers and employees.

A majority of these cases involve troubles arising from the operation of collective bargaining agreements. While the National Labor Relations Board and state mediation boards are active in promoting agreements in the first place, settlement of disputes arising from these agreements after they have been signed has always been difficult. Here is where the Tribunal steps into the picture.

Either party to a dispute may voluntarily start arbitration proceedings by notifying the other party and filing notice of intention with the Tribunal. Arbitrators for each case—acceptable

to both parties—are chosen from a panel of Tribunal members who have previously been selected by the Arbitration Council from representatives of industry, labor, and the general public. Hearings are conducted in strict privacy, usually with witnesses and arbitrators under oath, and frank, open discussions are encouraged. The fees—averaging \$20—are paid by both sides.

Controversial questions decided by the Tribunal are briefly listed. *Forbes*, February 15, 1938, p. 22:1.

Women Breadwinners

Why do women work? Do they work for "pin money," "to express themselves," "to earn their own livings"—or do they work because other people are dependent on them for food, clothing, and shelter?

These are questions that have been long debated, usually with more heat than light. The answer, as revealed by a recent study made by the National Federation of Business and Professional Women's Clubs, in which more than 12,000 of its members participated, is that, with median earnings of \$1,315, one woman in two supports other persons, wholly or in part; and that one-sixth of the group are the heads of households of from two to seven persons. Further, it shows that the number of her dependents increases as the worker's income increases—in other words, the more a woman earns, the more responsibilities she assumes.

The women taking part in this

study compose a distinctly middle-aged group, with a median age of 40.6 years. The highest average annual earnings in 1936 were those of executives, managers, and supervisors, \$1,715; the lowest, those of personal service workers, \$610, with saleswomen only slightly higher, \$625. Contrary

to the usual impression, median earnings of the women participating in the survey increase each decade from \$960 for women under 30 to \$1,615 for women of 50 to 60, then decrease to \$1,560 for women over 60. By Beulah Amidon. *Survey Graphic*, March, 1938, p. 151:2.

Personnel

Fears That Destroy Morale

If the reasons for the situation in 1937, which at times approached the proportions of a revolt of employees against management, could be reduced to their basic elements, it is probable that, paradoxical as it may seem, fear would be found to have been the basic urge.

Probably the most widespread and demoralizing fear of the worker is that caused by uncertain tenure of employment. Few companies have exhausted all possible means of providing more stable employment. Even when fluctuations cannot be materially reduced, more careful planning can at least make possible some warning of an impending layoff. If reasonable advance notice of layoffs were a fixed policy, employees could at least know that their jobs were safe until such notice was received.

Another fear that oppresses employees is the fear of arbitrary action that

will affect them adversely. It will never be known to what extent recent labor organization and labor disputes were actually the outcome of rebellion against petty tyrannies and misinterpretation of company policy by supervisors, rather than against the company policy as conceived by higher executives.

Mechanization of industry is becoming a nightmare to the worker. What has management done to make technological changes as painlessly as possible and to absorb displaced employees into other operations of industry? What, too, has it done to dispel the fear of advancing age among workers? What assurance has it given workers who decline to join a union that they will be protected against union coercion and intimidation and that they need not fear the signing of a closed shop agreement?

Industrial management can attack its problem of labor relations in no more realistic or constructive way than

to analyze the fears to which its employees are subjected and set about eradicating or at least mitigating these fears insofar as such action lies within its power. By Harold F. Browne. *Conference Board Service Letter*, February 28, 1938, p. 9:3.

The Problem Employee

The frequency and effect of personality disturbances among employees call for an all-inclusive program for the *prevention, discovery, and treatment* of mental health problems in industry. A five-point program is suggested.

The initial step calls for the use of suitable selection techniques to prevent the employment of men and women who become predisposed to emotional and allied mental disturbances because of unfitness for the jobs to which they are assigned. This step embraces psychological tests and allied scientific techniques to supplement the medical examination, the interview, and other traditional procedures of the employment office.

Selective adjustment must be followed by systematic training in the skills and knowledge of the job as a means of enabling the worker to make effective use of his ability. This is particularly important in the case of older employees, who constitute serious personnel problems in many organizations. Recent studies of adults have shown that such difficulties as the older worker may experience in learning improved methods of work follow not primarily from a decline in learn-

ing ability but from an atrophy of acquired learning habits as a result of disuse. Provision for training becomes especially important in times of economic depression, when it is necessary to shift personnel within the organization in order to retain employees with long years of service.

A third step consists in improving the quality of line supervision. Supervisors must be trained in sound practices of supervisory control. This is best accomplished through conferences in which case studies or sample problems are discussed.

The rehabilitation of maladjusted employees requires the early discovery of every worker who shows signs of becoming a problem. The discovery of problem employees can be facilitated by a system of periodic rating which is described in part in this article. The final step in the program calls for the treatment of workers, especially those with a reasonable period of service, who become maladjusted. This may require the application of the specialized techniques of the physician, psychologist, and social worker; and it will necessitate the co-operation of the line organization.

Several exhibits are included in this article. By Morris S. Viteles. *Edison Electric Institute Bulletin*, February, 1938, p. 37:6.

Job Rating

The Industrial Relations Department of the National Electrical Manufacturers Association has prepared a suggested job rating plan based on an

extensive and carefully compiled list of definitions of various job factors.

The plan itself provides for rating or scoring a job on the basis of skill, responsibility, effort, and working conditions, in the order named. These factors are subdivided into 11 elements, each of which (with one exception) is broken down into five "degrees," with point values assigned to each degree. Maximum points have been assigned to each factor and element. Men's jobs have been classified into 10 labor grades.

This article, which is illustrated with several exhibits, describes the rating scheme in detail. Supplementing the bulletin is a 22-page manual defining job evaluation factors; this also lists and rates by degree some 115 jobs used in the wage survey schedule. *Industrial Relations Bulletin No. 43*, National Electrical Manufacturers Association, New York. 5 pages.

Editor's Note: Further data on this job rating plan is included in "Sound Wage Payment Policies," by A. L. Kress (*Personnel Series Number 34*, American Management Association).

The Technique of Testing

This study outlines in detail the advantages of aptitude testing, describes a technique of test invention and design, and illustrates nine tests that have been developed to gauge different skills required by various factory jobs.

Where there are a large number of applicants and only a few jobs to be filled, an "omnibus" test is recom-

mended for elimination purposes. It is suggested that a short intelligence test be given when there is the slightest suspicion that intelligence is either markedly below or above the average. And where the accident hazard is great, it is believed that testing for accident-proneness will enable management to place highly prone employees in jobs of lower hazard, while the less prone individuals can be placed at more hazardous work.

The cost of testing applicants with a nine-test battery is about \$2 per person. Suitable testing will determine the rate at which an individual can work most comfortably—his optimum rate. It is recommended that employees be divided into three—or possibly five—speed groups, and that their pace or rhythm of work be maintained at the optimum level. By Charles A. Drake and Holger D. Oleen. *Factory Management and Maintenance*, March, 1938, p. 71:8.

Personnel Policies Affecting Salesmen

To provide a consensus of methods employed in the administration of sales forces, the National Industrial Conference Board recently asked representative companies in different branches of business activity for information about their experience in dealing with certain problems of general application. Through the cooperation of 232 companies employing more than 24,000 salesmen, the Board has been enabled to classify and analyze in this study a considerable body

of data dealing with the selection and training of salesmen, methods of compensating salesmen, special sales incentive plans, and salesmen's expense allowances.

It was found necessary in preparing this survey to stress points and problems that arise in the administration of practically all sales forces and to group experience in dealing with these problems under general headings.

More detailed pictures of individual company policy are provided by typical quotations from company replies. Information regarding policies affecting retail salesmen is not given in the study.

Sixteen comprehensive tables have been included in the text. *Studies in Personnel Policy*, National Industrial Conference Board, Inc., January, 1938. 20 pages.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

Selecting the Source of Supply

The selection of sources of supply for raw materials, processed materials, and fabricated articles for industrial use is one of the purchasing agent's most important functions.

Eligible bidders should be qualified as financially responsible, capable of meeting specifications, located at a point near enough to the buyer's plant to insure deliveries as desired, and should have a reputation of living up to their delivery promises. And in industrial buying *continuing* sources are very important to insure uniformity in processing.

A cross-section picture of the industry of which the source is a part must be analyzed closely if the material in question is regarded as a major item. The following factors should be determined: (1) total production of the ma-

terial; (2) approximate share of the volume held by each supplier; (3) distribution of accounts among competitors; (4) price policies of the industry in question (Is there a trade association in the group? How well does it function?); (5) financial ratings of the sources; (6) inter-ownership of companies which outwardly appear to be competitive; (7) terms of payment (Are they uniform among all producers?); (8) efficiency of the various companies (Who are the low-cost producers?); (9) geographical location of plants; (10) cost of delivery, if not included in the price. Constant perusal of the trade papers in the field where the suppliers "talk shop" is advisable.

Where there is a group of suppliers dominated by one or two powerful concerns, a judicious placing of business with one or two of the smaller sup-

pliers is often the means of keeping a competitive situation alive.

Sources need constant checking; processes change; concerns liquidate, and new ones spring up. Even when a long-term contract seems desirable, it is best to leave a part of the volume available for open-market transactions. By Robert C. Kelley. *Executives Service Bulletin*, Metropolitan Insurance Company, February, 1938, p. 5:2.

Why Pick Inspectors Who Can't Inspect?

Some people are better qualified to perform an inspection job than others. In fact, there is considerable evidence to the effect that no amount of time spent on inspection will develop those native qualities essential to the adequate performance of the inspection job, if they are not originally present in the worker.

There are several kinds of inspection ability. One inspection job may require manipulative skill, and another may call for "kinaesthetic sensibility"; a third type of inspection ability depends on visual perception. At the Eagle Pencil Company, New York, it has been found possible by the use of selective tests to discover perceptual ability in applicants, and thus keep the cost of inspection at a minimum. Only 15 of every 100 applicants successfully pass the battery of tests for inspectors which this concern has devised.

Prospective inspectors are required to pass case-sorting, spiral inspection, and paper-and-pencil tests, and must

also undergo examination for visual acuity. Perfect or nearly perfect eyesight is required of all inspectors. It was recently found that inspectors with perfect or almost perfect vision had an average percentile score on the employment tests of 59.3, whereas those with defective eyesight had a percentile score of 43.8. Inspectors with defective vision took 56 per cent more time to do a given job than inspectors with perfect vision.

These various tests are described in detail in this article, which is illustrated with photographs and charts. By Holger D. Oleen. *Factory Management and Maintenance*, January, 1938, p. 83:3.

The Machine and the Worker

A recent investigation on machine-feeding operations has led to the following conclusions:

1. Efficiency in machine-feeding processes was found to vary between 52 and 86 per cent. Low efficiencies were due to an excessive number or duration of enforced stoppages or to the failure of the operative to keep pace with the requirements of the machine.

There is some evidence that the machine, when running, exerts a pull which impels the operative to keep going even though fatigued, and that the desire to rest is largely satisfied by the prolongation of machine stoppages.

2. Efficiency and satisfaction in machine-feeding are largely dependent on the relation between the speed of

the machine and the capacity of the operator.

3. Efficiency and comfort in machine-feeding are also dependent on the amount of feeding space and the apparent rate of movement of the feeding mechanism.

(a) On a belt-feed machine an increase in feeding space from 2 to 4 holes produced an average increase in output of 9 and 15 per cent at medium and fast speeds, but a further increase to 6 holes had little additional effect.

(b) On a dial-feed machine a decrease in feeding space from 18 to 9 holes produced an average increase in output of about 4 per cent.

(c) These results are consistent with the view that (i) a feeding space near the minimum limit is detrimental to output because there is little chance of recovery from lapses in the rate of feeding, and (ii) an increase in feeding space suggests a slower rate of movement of the feeding mechanism

and tends to induce a slower rate of working on the part of the operator. There accordingly seems to be an optimum feeding space which may be found to vary for different individuals.

(d) A dial which was half the size and had half the number of holes but moved at twice the angular speed of another dial yielded an average increase in output of approximately 17 per cent. The increase seemed to be due to the suggestive effect of the greater speed of the smaller dial.

Several other significant conclusions are given in this report. By S. Wyatt and J. N. Langdon (assisted by F. G. L. Stock). *Report No. 82*, Industrial Health Research Board, London, 1938. 54 pages.

Production Conference

The Production Conference of the American Management Association will be held at the William Penn Hotel in Pittsburgh on April 20-21.

MARKETING MANAGEMENT

Are Fair-Price Laws Working?

The use of fair-trade laws and the regard in which they are held vary widely from trade to trade and from industry to industry.

In book publishing, for example, almost all the large general publishers use fair-price contracts, but in the grocery field manufacturers are mostly exercising their privilege of ignor-

ing fair-trade laws. About 400 of the 7,000 manufacturers of drug-store products have announced that they are considering price-maintenance agreements. In industries other than these, however, producers are still feeling their way or listening for the lordly voice of the consumer or retailer.

In the electrical appliance field, price-maintenance is stumbling over discount, trade-in, and "service" snags.

While contracts are plentiful in the radio trade, almost no legal action is being taken on complaints; this condition, plus lack of uniformity in trade-in allowances, has resulted in a complete breakdown of the radio-set price structure in New York City.

Besides striking these reefs, fair-price laws are threatened by the quicksands of utter indifference, or even by enthusiastic support, from the big retail "villains" whom the laws were designed to curb. Furthermore, manufacturers of nationally advertised brands of drugs and grocery products have steadily cut prices; as a result, retail prices are coming down without retail price-cutting. Finally, fair-trade laws are losing some of their friends as leaders of the salesclerks' unions cast anxious eyes at the onward march of the vending machine, which has assumed an increasingly important role in the selling of price-fixed packaged goods.

The future of the fair-trade laws undoubtedly lies in this direction: Continued hatred of mandatory fair-price legislation by practically all business managers; continued experiment under permissive fair-trade laws; the addition from time to time of new, weird, and generally screwball effects; and millions of hours of discussion, leading eventually to better all-around relations between producer and distributor—possibly without applying the laws at all.

And in the long run fair-price legislation will either prove its case to the thoroughly antagonistic and rapidly growing consumer movements, or

be led by the big advertisers to the execution block. By Edwin Laird Cady. *Forbes*, March 1, 1938, p. 12:3.

A Plan for Pre-testing Industrial Advertisements

Of all advertisements, the ones most in need of the safeguard of a pre-testing procedure are those aimed at industry. A "controlled opinion test" is suggested as the most effective method of determining how advertisements would affect prospective customers if published.

This is a fairly inexpensive test. Advertisements are carried only as far as rough layout form, and proofs printed by offset are submitted to a list of really typical prospects. A set of about six experimental advertisements should be sent to the prospective customers, along with a letter inquiring which advertisement appeals to them most and a request that they rank all advertisements from first to last. It is best to have the rankings entered at the bottom of the letter, so that the proofs need not be returned; to begin the letter with an impersonal salutation and make it appear as much like a circular as possible, so that the recipients will not think that the next move will be a follow-up by your salesmen; and to use a government-stamped return envelope rather than a business reply envelope. You will find the prospects quite ready to rank the advertisements, and as a rule you may safely assume that the advertisement which ranks highest will make the most sales.

As to the number of replies neces-

sary, as few as 30 may be sufficient, or perhaps more than 100 will be needed. A rough rule is to divide answers into two random groups; if both groups give the same result, you can be pretty sure that all the additional answers you could obtain would not change it. The cost of pre-testing will seldom be more than 20 per cent of the cost of advertising space, and the procedure will scarcely ever fail to produce advertisements 50 per cent more effective. By S. H. Giellerup. *Industrial Marketing*, March, 1938, p. 9:3.

Good Sales Letters: III

The closing of a sales letter, like the beginning, should be friendly and warm. It is doubtful if such "stunt" endings as "yours for profit," "yours for better appearance," or "yours for easier living" are effective. "Yours truly" is cold. "Yours very truly" is cool. "Yours sincerely" is warm and sincere. "Yours very sincerely" attempts too much sincerity, and may not be believed. Women like "yours respectfully."

Letters should be signed in ink, though not necessarily by the writer himself. Plate signatures are no longer as effective as when the idea was new. A recent study of the effect of such signatures on a cross-section of readers revealed that 75 per cent of them were able to distinguish a "cut" signature from the original written signature. Eighty per cent of those surveyed said that pen-and-ink signatures influence them more favorably.

Thursday is the day when readers

pay more attention to the contents of letters than on any other day of the week. By Richard Coleman. *Office Management*, March, 1938, p. 20:1.

Where Cash Counts

Because executives of the Minneapolis Moline Power Implement Co. believe that it is as important for salesmen to get cash for what they have sold as it is for them to make a sale, compensation of their salesmen is based on the amount of money received from customers rather than on the volume of orders. The foundation of the plan is a price policy that makes it attractive for dealers to pay cash, and the company sells only to dealers with a high credit rating. There are but three discounts—one for time sales, one for cash, and another for cash on orders of \$750 and over.

If salesmen were paid for the size of their orders, they might concentrate on sales, possibly neglecting to emphasize the advantages of the liberal discount schedule and overlooking collection of past due accounts. Therefore each salesman is paid a commission of 2 per cent of the net amount of cash received by the company from his territory. In addition, the company pays him a flat salary of \$125 a month, supplies him with an automobile and mileage expense, and allows him \$3 a day for personal living expenses while traveling.

This plan not only eliminates a special collection department and reduces accounts receivable to a minimum, but it actually accomplishes what it was

designed to accomplish. In 1937 the concern received 90 cents for every dollar of sales—a considerable achievement for a company handling products that require a heavy investment. By George L. Gillette. *Printers' Ink*, February 17, 1938, p. 15:2.

18 Elements of Danger in Making Mail Surveys

Among the obvious handicaps which can affect the results of almost any mail questionnaire are the following:

1. Mail questionnaires must necessarily be brief.
2. Mail investigations are more costly than is generally assumed.
3. The percentage of mail returns is almost invariably small; a 10 per cent response is generally accepted as

about average for this type of work.

4. There is no way of knowing that the people willing to reply are representative of the whole group.

5. Certain occupational groups answer much more than others.

6. The respondent to the mail investigation may not be the person who was addressed.

7. The response from users will be greater than from non-users.

8. Responses are confined largely to those particularly interested.

9. Those who think "No" on controversial questions are more willing to answer than those who think "Yes."

Other elements of danger in making mail surveys are listed and discussed in this article. By Philip Salisbury. *Sales Management*, February 15, 1938, p. 28:4.

FINANCIAL MANAGEMENT

Inventory Profits in the Business Cycle

The greatest portion of industrial inventories is analogous to water in the pipes of the economic production system. They cannot be drawn off and consumed without stopping the operations of the system. An increase in the prices at which these inventories are valued produces an apparent profit, but this gain is fictitious and unexpendable; it could not be converted into cash without liquidating the inventories. Such a profit is in effect an un-

realized (and in practice largely unrealizable) capital gain, yet it has been treated by most accountants, statisticians, and economists as current income—even as a part of our national income.

It is a comparatively easy matter to eliminate unrealized inventory gains and losses from statements of business income, but the methods for accomplishing this have not received any general acceptance. Business men make their decisions as though fictitious inventory gains (amounting in some years to several billions of dollars)

were expendable, and the effect of this misunderstanding is to aggravate the cyclical fluctuations of business. The elimination of fictitious inventory gains and losses from current income statements would be an important contribution toward moderating cyclical extremes. By Henry B. Arthur. *The American Economic Review*, March, 1938, p. 27:14.

Converting Inventory Into Collateral

Financing and inventory control, two of industry's perennial problems, are being eased, if not solved, by an ever-increasing number of firms through the medium of field warehousing.

In its basic principle field warehousing is the acme of simplification. It is merely a system of bringing the warehouse to the commodity at any point in its natural flow instead of conveying the commodity to the warehouse. Instead of transferring goods to a huge building in another part of the city or even to a distant city to be given in bailment to a bonded warehouseman, the warehouseman comes to the customer's plant, takes over his storage facilities, and converts them into a bonded warehouse.

The legal basis and mechanics of the procedure are well established. The field warehousing organization and the firm with goods to store negotiate a contract individualized to meet the particular situation but covering several basic points. The backbone of the agreement provides for

transfer of title to the commodity to be stored to the warehouseman under the conventional terms of a bailment, the leasing of storage space by the industrial firm to the warehouseman (usually at a nominal rental, with maintenance to be handled by the lessor), arrangement for a custodian and his bonding, and, of course, the fee. The space customarily leased is that previously used for the storage of inventory.

These comparatively simple arrangements enable the issuance of the bonded warehouse receipt, an instrument traditionally prized by bankers as collateral. The result is to convert inventory into a liquid asset. Other salient attractions of the system are a low interest rate and the extremely careful control of inventory which field warehousing entails. Finally, by interesting customers in establishing field warehouse facilities at their plants, a producer can ship his merchandise to its market and yet maintain absolute control over it until it is actually purchased, either by firm order or on cash terms.

It is these fundamentals that have promoted such a rapid growth in utilization of the service in the last 10 years. By Alan Sturdy. *Commerce*, February, 1938, p. 20:3.

Customers' Accounts

For many years the customers' accounting of the Century Electric Co., St. Louis, Mo., was done by means of the conventional bookkeeping machine method. Some five years ago, how-

ever, this concern was prompted to inaugurate the use of its tabulating equipment on receivable accounting, with the purpose of increasing efficiency in this work.

A code number was provided for each customer's account because the numerical tabulator was used. With the account numbers also shown on the statistical copy of the billing, it was possible to determine sales to each customer monthly and also to summarize this information quarterly and annually in a sales analysis made by means of the tabulating equipment. From the annual sales analysis study a realization of the facts on cost of handling and accounting for customers' orders, as well as selling costs, was manifested.

This study, covering two successive years, showed:

1. Almost three-fourths of the total number of active accounts during the periods were for purchases under \$100 per year.

2. These customers furnished only about 6 per cent of the total billing in dollars.

3. These accounts averaged 2.6 orders per account per year and under \$10 average purchase value.

With this knowledge the sales department resolved to better the direction and control of the salesmen's activities. In conjunction with the sales department's efforts the accounting department devised a simplified routine termed "ledgerless bookkeeping" for the smaller accounts, handling only the large purchase accounts on the tabulating machines and ledger.

This article, which is illustrated with several exhibits, describes the system in detail. By Harold W. Luenstroth. *N. A. C. A. Bulletin*, January 15, 1938, p. 561:20.

Seven Ways to Raise Capital

A surprising number of capital sources exist outside of the investment and commercial banking fields. Important ones include:

Installment buying: The purchase of new and improved industrial equipment on installment terms is a fruitful source of "intermediate" credit for business. The down payment may be 25 per cent of the purchase price, and the payment period may be three or even five years. Charges include 6 per cent simple interest and a service charge which varies according to the term of the obligation.

Community drive: Astonishing stores of local capital can often be uncovered with Chamber of Commerce aid when a company employing local people faces a shutdown or a move to another community.

Security sales by employees: Another method of uncovering local capital is through the sale of company securities by employees. If the issue is for less than \$100,000, or if the company does business locally, is incorporated in the state, and sells the securities only in the state, the stocks need not be registered with the SEC and must comply only with state regulations.

Factoring: The cash sale of accounts receivable to a factor as soon as goods

are shipped to customers results in a helpful net addition to a company's working capital.

Direct Federal Reserve loan: For over three years the 12 Federal Reserve banks have been providing working capital for a number of companies by means of five-year loans. To secure such a loan, the borrower must have been turned down by his commercial bank; and other conditions must be met.

Indirect Federal Reserve loan: Loans

with maturity up to five years can be made by commercial banks for discount by the Federal Reserve Bank.

RFC loan: Borrowers who cannot obtain credit through such private agencies as banks may be able to obtain loans of five years or less from the Reconstruction Finance Corporation.

A program for the sale of securities by employees is briefly described in this article. By Harwood F. Merrill. *Forbes*, March 15, 1938, p. 16:3.

INSURANCE

Insurance abstracts are contributed by P. D. Betterley, Insurance Consultant, Assistant Treasurer, Graton & Knight Company.

Occupational Disease Court Definition

A leading case on the definition of occupational diseases in New York is the matter of the claim of Shirley Goldberg vs. 954 Marcy Corporation and Maryland Casualty, decided in January by the highest court in New York.

Analyzing the law, the Court of Appeals ruled that O. D. compensation is restricted to diseases resulting from the ordinary and generally recognized risks incident to a particular employment, and usually from working therein over a somewhat extended period. Such disease, said the court, is not the equivalent of a disease resulting from the general risks and hazards common to every individual regardless of

the employment in which he is engaged. Manifestly, declared the court, it was not the intention of the legislature to change the workmen's compensation law to a law insuring against disease which might happen to be contracted while the employee was engaged in his occupation. *The Casualty Insuror*, February, 1938, p. 17:1.

Water Damage Insurance

Water damage insurance protects the assured against *all direct loss* or damage caused solely by the accidental discharge, leakage, or overflow of water or steam from named sources.

There are a number of hazards that are not covered by the policy, such as seepage, leakage, or influx of water

through building walls, foundations, lowest basement floors, sidewalks, or sidewalk lights; second, damage caused by floods, backing up of sewers, and influx of the tide; third, water damage caused by fire, wind-storm, hail, cycle, etc.; fourth, damage caused by negligence on the part of the insured to exert reasonable care to preserve property at and after a water damage. These particular hazards are known in some cases to exist, but are not common to a majority of risks, hence the exclusion.

In writing water damage policies, co-insurance is usually mandatory on properties valued under \$250,000, the insured agreeing to carry an amount of insurance equal to a particular portion of the value of the property to be insured. *The Spectator*, February 24, 1938, p. 12:4.

Editor's Note: While the foregoing article pertains especially to water damage, it might be well for insureds to consider whether they have the risk of damage due to leakage of chemicals which are used in industrial processes or which may be in storage. Special arrangements would need to be made with underwriters for protection in such cases.

Non-Ownership Automobile Liability Cover

Non-ownership automobile liability insurance is a necessary part of any complete insurance program. It is quite likely that there will be occasion to hire cars and occasion to ship merchandise by means of a contract car-

rier. Accidents resulting from the operation of such automotive equipment can well result in a loss to the employer. It is important to have the coverage written by the same carrier, as this will avoid many questions of coverage.

Employers have attempted to establish a program whereby employees are required to buy insurance on their own automobiles and the employer then relies on the additional interests clause for his protection. Every employer should at least encourage the purchase of automobile insurance on the part of his employees. This is primarily for the employees' own good, but for an employer to rely on such insurance for his own protection is unsound.

Why not rely on primary cover? The policies themselves must be secured and checked as to company, limits of liability, etc. The employee may drive some other person's car, he may acquire a new car and fail to notify his carrier, or his insurance may be cancelled without knowledge of the employer. The disadvantage of relying on the insurance purchased by employees is indicated by the recent liquidation of Chicago Lloyds. *The Insurance Post*, February, 1938, p. 5:2.

Editor's Note: The author of the foregoing article has properly pointed out that there are some hazards in connection with the operation of cars which would not be safeguarded by merely checking the policies of the employee, even though the employers are classed as one of the insureds. It is agreed also that there is some haz-

ard in relying upon the "omnibus clause," but if the employer requires policies to be sent in for inspection and copies retained on file, if he requires the additional interest and notice of cancellation, his hazards will not be so serious as may be implied by the above mentioned article. It makes a great deal of difference if there is a widespread risk and if the employees are driving extensively in urban areas.

Without question, there is merit in non-owner's contingent insurance, but an analysis of each insurable risk should be made before assuming that it is economical to purchase such protection in the manner in which it is usually written.

Important Marine Insurance Decision

A United States Supreme Court decision of moment was handed down in January in the case of *Lanasa Fruit Steamship & Importing Co., Inc.* vs. *Universal Insurance Company*. It leaves little doubt of underwriters' liability for decay of perishable cargo due to delay under F. P. A. conditions.

A steamer laden with bananas was stranded, and before she could be floated, the bananas became a total loss through rotting. Claim was declined on the ground that the proximate cause of loss was delay and inherent vice and not a peril covered by F. P. A. conditions. The Supreme Court declared that the "real efficient cause" of the rotting of the bananas was the stranding, and as this was one of the accepted risks under F. P. A.

conditions, liability for the loss fell under the policy.

This decision determines beyond further contention underwriters' liability for deterioration of perishables under circumstances such as those in this case and reduces by one the sources of irritation between the insuring public and the underwriters; and it clearly defines the extent of risk in F. P. A. insurance on perishables. *The Weekly Underwriter*, February 12, 1938, p. 417:2.

Spontaneous Ignition and Its Prevention

There is little if any chemical reaction between most combustibles and the oxygen of the air at ordinary temperatures, but, when heated sufficiently, reaction begins and continues until the combustibles reach a temperature at which the reaction becomes self-sustaining.

No sharply defined classification of substances subject to spontaneous ignition has been worked out, but for convenience they may be divided into four groups: (1) Substances not themselves combustible, but which may cause ignition. Calcium oxide (unslaked lime) is the outstanding member of this group. (2) Substances having ignition points below ordinary temperatures, as, for example, the hydrides of phosphorus and silicon in the presence of air. Chemical training is necessary for the safe use of such substances. (3) Combustible substances which may undergo suffi-

cient oxidation at ordinary temperatures to reach their ignition point, such as easily oxidized vegetable oils, fats, certain metals in finely-divided state, metallic sulphides, charcoal, and coal. (4) Organic combustible substances, including agricultural products such as hay and grain. *The*

Weekly Underwriter, March 5, 1938, p. 580:1.

Insurance Conference

The Insurance Conference of the American Management Association will be held at the Chalfonte-Haddon Hall, Atlantic City, N. J., on May 9-10.

Survey of Books for Executives

Wage Incentive Methods. By Charles Walter Lytle. The Ronald Press Company, New York, 1938. 468 pages. \$6.00.

This book is a crystallization of the entire subject of wage incentives, out of the great mass of developmental and empirical literature of the past half century. The author has done much in organizing and classifying the 25 or 30 outstanding incentive plans which have been developed since Frederick W. Taylor's original contribution, "A Piece Rate System."

This is a valuable contribution, when one considers the great amount of literature available eulogizing the merits of each respective plan. The book, in its revised printing, is an improved, up-to-date version of the original work, published in 1929, which at that time was characterized as the most comprehensive and original treat-

ment of the subject available. All of these plans have been analyzed for their relation between rate of production, resulting earnings, and unit cost. This has made it possible for the author to sift the great variety of plans down to 10 fundamental ones, from which may be selected a production incentive plan for almost any conceivable industrial requirement.

Earnings curves, generously provided throughout the text, illustrate the effects created by the plans under discussion. The incentive value of each respective plan, which the author characterizes as the important thing in the selection of a plan for a given situation, is pictured in these curves so that one may not only see the distinctive characteristics, but also the similarities in the plans.

Group application of incentive plans as treated in this book is especially timely in the light of the recent inter-

1938,

f the
n will
Hall,

All of
d for
roduc-
t cost.
he au-
plans
from
duction
onceiv-

y pro-
ate the
er dis-
f each
r char-
in the
a situa-
so that
inactive
larities

e plans
pecially
t inter-

Review

est in this phase of wage payment for promotion of teamwork and reduction of clerical operation costs.

The author's wide range of treatment of incentive plans is further illustrated by the section on setting job rates, which covers base rates, individual job rates, competitive wage rates, and the fundamental base or minimum wage rate, frequently called the starting wage.

One especially helpful chapter gives the possibilities of combining the features of more than one type of incentive to meet specific requirements. Illustrations have been given of combined time, bonus, and piece-rate wage payment, together with added supplementary factors, such as quality of product, waste elimination, length of service, etc.

Incentive plans for indirect work, as comprehensively covered in this volume, reveal great possibilities in cost reduction through the provision of an incentive to people not directly engaged in the productive operations of a plant. This treatment will be valuable, particularly because it makes possible a simplified application of the principle of added compensation for increased accomplishment on work requiring more involved means of result measurement.

Chapter 21, dealing with recent developments in incentive practices, is particularly illuminating to anyone who has studied the incentive problem in industry during the past few years. A short chapter on the present need of incentives by employees is likewise very impressive.

Unions in, incentives out, and then what? The author gives alternatives to employers who are prevented by unions from applying the right wage incentive plans.

It is impossible to comment on all the interesting phases of the subject treated by Mr. Lytle. There is, for example, an appendix on methods of studying wage incentives, which covers the principles involved in actually selecting the proper incentive plan for a given wage incentive case. Throughout the entire book, extensive bibliography is provided for further detailed reading on any type of wage incentive plan in any industry or trade.

"Wage Incentive Methods" is an authoritative textbook on this subject, and will without question be used as such by all students and practitioners of systematic incentives for better accomplishment.

Reviewed by E. E. Brinkman.

A Statement of Accounting Principles. Prepared by Thomas H. Sanders, Henry R. Hatfield, and Underhill Moore. American Institute of Accountants, New York, 1938. 138 pages. 75 cents.

This handbook is the result of the labors of three men of the highest standing in the field of accounting. It brings together the best modern practice in accounting and consists essentially of a statement of preferred procedure together with alternative methods. The first part of the book is devoted to a general statement of the principles of accounting; the second

and third parts are devoted respectively to the income statement and the balance sheet, with a detailed statement on the best methods of treating all items that appear in those statements. For example, in the part devoted to the balance sheet there is discussion bringing out the fine distinctions that must be considered in deciding whether an item should be carried as a deferred charge or as a prepaid expense. The discussion contains a statement of the principles which should govern the treatment of these items. Altogether, six pages are devoted to this one problem.

The book concludes with three parts devoted respectively to Consolidated Statements, Comments and Footnotes, and finally, A Summary of Accounting Principles.

This volume should be invaluable to accountants who wish to have an authoritative and up-to-date summary of the best accounting practice. While its greatest value will be to the practicing accountant, it will also be a useful textbook for students of advanced accounting. The American Institute of Accountants is to be congratulated for making this important work available to the general public.

Reviewed by Edward N. Hay, The Pennsylvania Company, Philadelphia.

The Art of Packaging. By D. E. A. Charlton. The Studio Publications, Inc., London, 1938. 127 pages. \$6.00.

Mr. Charlton takes as his premise that there are in the market today a

very large number of ineffective packages and that to be successful a manufacturer must periodically appraise his package in accordance with definite standards, in order to attain four major objectives: protection, convenience, consumer appeal, and adaptability. Mr. Charlton presents a means of attaining these objectives through careful analysis of the various elements that compose the package; his book is largely a check list against which any producer can compare his package with arbitrary standards which should be adhered to.

Included in the volume is a discussion of the fundamentals of various types of packages, materials, and construction of packages now on the market, and the basic factors to be considered in designing a new package. There are also excellent chapters on packaging machinery, different types of counter and floor displays, the necessity for package redesign, and the future of packaging in this country.

The book is profusely illustrated with outstanding packages of all types, exemplifying the points which the author makes. These illustrations are accompanied by footnotes which indicate the essential features of the packages shown.

A helpful feature is the excellent index of packages and package designers which will enable anyone reading the book to turn immediately to a product similar to his for checking purposes. Any packaging manufacturer will find this book a worthwhile addition to his library and an aid in the

practical solution of his packaging problems.

Reviewed by Henry J. Houlett, Secretary, American Management Association.

Personality in Formation and Action. By William Healy, M. D. W. W. Norton & Company, Inc., New York, 1938. 204 pages. \$2.00.

From the psychiatric field come interesting confirmations of conclusions arrived at by wise and experienced personnel directors. Dr. William Healy, whose record in the field of psychiatric research and the practical application of psychiatric principles is outstanding, presents in this book an account of what he has learned through "daily exploring the foundations of personality and behavior with preventive and therapeutic aims in mind, and observing the results of efforts at treatment." His discussion is organized under the titles, "The Materials of Personality Formation," "The Developing and Emerging Personality," "Personality in Widening Relationships," and "Implications for the Future."

Especially pertinent for those in the personnel field is the chapter on "Personality in Widening Relationships." The characteristics of successful executives have been frequently discussed, as have the attitude of rank and file employees toward leaders and the workers' need for leadership. Dr. Healy outlines this field with fresh insight and with the authority of his wide experience.

The book analyzes the more import-

ant psychiatric aspects of employee attitudes. First is the capability and willingness of employees to be loyal to their company if they are given a chance. Hostile feelings toward the company arise almost universally through resentment directed against real or fancied injustice at the hands of some particular person, usually the immediate supervisor. This is a confirmation of the widespread belief at the present time among progressive companies that much more attention should be given to the training of the foremen and "straw bosses" in right attitudes toward workers. Here is the real source of most industrial relations problems and a source that continues to make trouble often for companies which have exerted themselves to the utmost in their attempt to provide good working conditions.

Dr. Healy places second in importance as determining employee attitudes the desire for security; and he speaks of security of prestige as well as economic security. This conclusion checks with such surveys as those made by Whiting Williams, who has emphasized this point as a result of his studies of workers.

The third point which Dr. Healy considers of importance is the "fundamental striving for recognition, for being appreciated as having personal worth." He adds that "if in an organization it is not practicable for an employee to receive individual recognition, the worker feels that at least his group should have the satisfaction of being recognized." This has been acknowledged by students of the trade

union movement as one of its basic underlying motives. It is significant to see this point made in a treatise such as Dr. Healy's, where it has been arrived at as a result of psychiatric study of human personality.

The volume has been written for the lay reader, and is of unusual interest throughout.

Reviewed by Leona Powell.

The Labor Movement in America.

By Marjorie R. Clark and S. Fanny Simon. W. W. Norton & Company, Inc., New York, 1938. 208 pages. \$2.00.

This is one of the most comprehensive studies of the genesis and history of the American labor movement to appear in recent years.

"The Labor Movement in America" is not the record of an isolated conflict on the part of labor. Rather, the history of American labor organization has been linked by the authors with the general economic and political life of the country. Throughout the work the authors show how the labor movement has adapted itself to fundamental changes in industry and business and how it has influenced and been influenced by political developments. Starting with the earliest factory system in the United States (established after 1789 in the cotton textile trade), the book traces these interrelationships through the first attempts on the part of skilled workers to organize; the formation of the Knights of Labor in 1869; the founding of the American Federation of Labor in

1886; the situation of trade unionism during the War and post-War periods; and the activities of the New Deal Administration in the field of labor legislation. The concluding chapter deals with the swift emergence and amazing growth of the CIO.

Miss Clark was formerly a member of the Research Department of the American Federation of Labor, and Assistant Director of the Labor Relations Division of the Farm Security Administration; her co-author was for some years on the faculty of the Rand School for Social Science. No attempt has been made to disguise their pro-labor sympathies.

The Robinson-Patman Act. By Wright Patman. The Ronald Press Company, New York, 1938. 408 pages. \$4.50.

This analysis of the Robinson-Patman Act was prepared by its co-author in response to hundreds of requests for information, received from manufacturers, sales executives, advertising men, retailers, wholesalers, and others affected by the Act. It is thus an authoritative interpretation of what is prohibited and what is permitted by this fair trade law.

The author has attempted to clarify the intent and scope of the Act, establish its function (which he declares is to "serve rather than to circumscribe business"), and outline the management policies which insure honest operation under the statute. The book examines the various clauses of the Act one by one and defines the

unfair practices which they are designed to prohibit. Among the subjects considered are: cash discounts and terms of sale; promotional allowances; brokerage; transportation charges; free goods and special deals; premiums; selection of customers; wholesalers; exemption as to perishables, obsolescence, etc.; lawful price discriminations; proportionally equal terms; cooperatives, and pool buying and selling; the scope of competition.

Representative Patman's analysis does much to dispel the confusion which still exists as to how business can operate legally and advantageously under this Act. Included in the volume are numerous lists of illustrative questions and answers, and several extensive appendices.

The Folklore of Capitalism. By Thurman W. Arnold. Yale University Press, New Haven, 1938. 400 pages. \$3.00.

In this interesting though contentious political study Professor Arnold applies to a broader field the same point of view contained in a previous work, "The Symbols of Government," published in 1935.

In this present volume the author advances his analysis of the way America thinks and acts. He compares its tenets or "folklore"—especially those of its learned citizens—with the views of the University of Paris in the Middle Ages, which formally banned quinine as a curative for fever, since its use controverted the opinions of scholars, who attributed fever to va-

pors in the blood. Thurman Arnold is a redoubtable—and amusing—critic of such views as they prevail in our own day. He is concerned with how things function rather than with the moral principles people impute to them.

Six chapters of the book are devoted to an analysis of various "myths" connected with the personification of industrial enterprises: The Personification of Corporation (which explains "how great organizations can be treated as individuals, and the curious ceremonies which attend this way of thinking"); The Effect of the Antitrust Laws in Encouraging Large Combinations; The Ritual of Corporate Reorganization (in which Professor Arnold explains how the debts of an industrial organization are forgiven through the "doctrine of vicarious atonement"); The Benevolence of Taxation by Private Organization; The Malevolence of Taxation by the Government; The Social Philosophy of Tomorrow. The prophetic title of the last named chapter is misleading, for in it unfortunately the author plays safe and declines to be specific.

When he descends to personalities, Professor Arnold can be merciless. "Norman Thomas was not regarded as dangerous," he declares. "He preached Christian ethics in government in a perfectly respectable way. At no time did he appear to offer the possibility of putting these ideals into practice... He symbolized a conflicting ideal without creating a practical working institution which interfered with any of the ideals that Socialism contra-

dicted. Thus conservatives liked to have him around, just as respectable married people of the Victorian age liked to read about Lancelot and Guinevere and admired Tennyson for writing the 'Idylls of the King.' This is what a friend of mine meant when he said Norman Thomas made him 'think.' However, continues Professor Arnold, the emergence of actual institutions to practice a few of the ideals which Norman Thomas merely preached, threw things com-

pletely out of focus. "It was as if Lancelot and Guinevere had suddenly appeared to conduct their affair next door to Mr. Tennyson (who would have been one of the very first to move out of the neighborhood)."

"The Folklore of Capitalism" is crowded with telling illustrative material. Though the author's political philosophy is not likely to find general acceptance, the book is one of the most readable studies of its kind to be issued in recent years.

Briefer Book Notes

SHARING THE WEALTH. By John Rustgard. Nidar Book Company, Babson Park, Fla., 1937. 184 pages. \$2.25. Mr. Rustgard contends that we can distribute neither more nor less than we produce; that this distribution is governed by cosmic forces over which man has no control; and that to combat those forces can have no other result than to diminish the amount available for distribution. To prove these contentions, he lays about him in iconoclastic style, smashing Ricardo's "Law of Wages" in the fourth chapter, Henry George's "Law of Rents" in the fifth, and manhandling several other economic divinities in other portions of the book.

HOW TO USE TALKING PICTURES IN BUSINESS. By Lyne S. Metcalfe and H. G. Christensen. Harper & Brothers, New York, 1938. 246 pages. \$3.50. This volume is a reference manual in non-technical terms to answer most of the questions which arise about the methods of making industrial motion picture films, including costs, script writing, apparatus, production problems, and countless other items. It should prove exceedingly helpful to the advertiser who wants to make pictures with economy and efficiency.

MY VOCATION. By Gilbert T. Hodges et al. The H. W. Wilson Company, New York, 1938. 334 pages. \$2.00. A symposium of vocational essays by eminent Americans. Each of the 25 contributors, writing from the wealth of knowledge gained through years of experience and observation, tells the inside story of his profession or occupation, showing what it holds in store for the future and what qualifications are essential for success. A portrait and brief biography of the contributor precedes each article.

MANAGING YOURSELF. By Milton Wright. McGraw-Hill Book Company, Inc., New York, 1938. 319 pages. \$2.50. Gives detailed and specific information on memory training, overcoming "that tired feeling," increasing the power of concentration, bolstering self-confidence, and setting practical standards of accomplishment. At the end of each chapter the author lists steps toward the desired results.

PRACTICAL RADIO ADVERTISING. By Herman S. Hettinger and Walter J. Neff. Prentice-Hall, Inc., New York, 1938. 372 pages. \$5.00. A comprehensive and up-to-date

treat
sults
to se
netw
speci
those

York
term
that
exam
cente
phras
of bu

1938.
colleg
author

S
Knox
damer
ment,
that i

N
PROC
Report
mission
mer.
securi
regula

C
W. R.
1938.
at len
the st
compr

L
lishing
is inte
princip
to eac
rating

T
Compa
readers
reader
books
reader

T
The C
Profess
only p
sents t

April,

treatment of radio advertising, from the inception of the campaign to the checking of results. Among the subjects covered by the book are: how to plan the radio campaign, how to select and schedule the program, how to select the cast, how to select the station and network, how to check results, how to handle listener response. The book is replete with specific uses of radio advertising; and it describes the results that have been obtained by those who have used advertising to sell their products.

TESTED SENTENCES THAT SELL. By Elmer Wheeler. Prentice-Hall, Inc., New York, 1937. 214 pages. \$3.75. A "tested selling sentence" is Mr. Wheeler's copyrighted term for a sentence that will make more sales than any other single sentence—a sentence that is claimed to produce results with scientific precision. This book is crowded with examples of such sentences and with interesting stories of actual sales campaigns that have centered around the use of tested sentences. The author shows how the slight twist of a phrase may spell success or failure in selling a product, and he describes the technique of building tested selling sentences and trying them on the customers.

COST ACCOUNTING. By John J. W. Neuner. Business Publications, Inc., Chicago, 1938. 710 pages. \$4.00. Essentially a textbook on cost accounting for students in the collegiate schools of business specializing in the field of public or private accounting. The author has done a thorough and admirable job.

SALESMANSHIP AND BUSINESS EFFICIENCY. By James Samuel Knox. The Knox Business Book Company, Oak Park, Illinois, 1937. 414 pages. \$2.50. This is fundamentally a course in applied psychology. Under the headings of *Personality Development*, *Salesmanship*, and *The Human Element*, the book outlines the psychological strategy that is essential for sales success. The author's style is elementary.

NATIONAL ASSOCIATION OF RAILROAD AND UTILITIES COMMISSIONERS: PROCEEDINGS OF THE FORTY-NINTH ANNUAL CONVENTION. The State Law Reporting Company, New York, 1937. 574 pages. \$6.00. Fifty federal and state commissions were represented at this convention, which was held at Salt Lake City late last summer. Included in the proceedings are noteworthy papers on the regulation of public service securities issues, rural electrification, the Federal Motor Carrier Act, the railroads, and the regulation of electric, gas, and telephone companies.

CREDIT MANUAL OF COMMERCIAL LAWS: 1938. Edited by Henry H. Heimann, W. R. Montgomery, and Richard G. Tobin. National Association of Credit Men, New York, 1938. 714 pages. \$6.50. In this manual the National Association of Credit Men treats at length the various legal problems surrounding the extension of credit and summarizes the state laws and federal statutes with which creditors should be familiar. A lucid and comprehensive guide for credit men and business executives.

LEADERSHIP IN THE NEW AGE. By Frederick Ellsworth Wolf. The Tuttle Publishing Company, Inc., Rutland, Vt., 1937. 135 pages. \$2.50. This "Guide to Leadership" is intended as a personal handbook for reference, self-analysis, and guidance in leadership principles, and as a textbook for formal instruction in classes and conferences. Appended to each chapter are a self-analysis sheet, suggestions for daily practice, and a personal rating chart. A poorly written and impracticable volume.

THE CLASSIFICATION OF BOOKS. By Grace O. Kelley. The H. W. Wilson Company, New York, 1937. 200 pages. \$1.75. This is an inquiry into the usefulness to readers of the systems of book classification now in use. Dr. Kelley presents to the library reader reasons for the insufficiencies and frustrations met with in using arrangements of books and card-records, and offers at the same time practical suggestions to librarian and reader for lessening these fundamental weaknesses.

THE INTERSTATE COMMERCE COMMISSION: PART FOUR. By I. L. Sharfman. The Commonwealth Fund, New York, 1937. 550 pages. \$4.50. This volume completes Professor Sharfman's monumental study of the Interstate Commerce Commission. It not only provides a detailed analysis of the Commission's organization and procedure, but presents the author's final conclusions with respect to the nature and significance of the Com-

mission's substantive powers and activities and its general status as a functioning tribunal. This work is an authoritative historical account and critical appraisal of the first half century of the Commission's existence.

AN INTRODUCTION TO BUSINESS. By Cleon Oliphant Swayzee and Clifford Milton Hicks. Farrar & Rinehart, Inc., New York, 1938. 691 pages. \$3.75. An attempt to acquaint beginning students not only with the functions and practice of modern business but also with the economic institutions that facilitate the operation of individual business units. The presentation provides a general survey as well as a foundation for students preparing for specialized and advanced courses.

BOOKS RECEIVED

Energy and Business Values. By Halsey Taft Tichenor. Margent Press, New York, 1938. 224 pages. \$2.00.

The International Economic Position of Argentina. By Vernon Lovell Phelps. University of Pennsylvania Press, Philadelphia, 1938. 276 pages. \$3.00.

NACOS Proceedings. Twenty-third Annual Meeting, National Association of Commercial Organization Secretaries, Buffalo, 1937. 299 pages.

1937 Yearbook of the American Institute of Accountants. American Institute of Accountants, New York, 1938. 549 pages. \$2.20.

Basic Accounting Principles. By Earl A. Saliers and Arthur W. Holmes. Business Publications, Inc., Chicago, 1937. 656 pages. \$4.00.

Proceedings of the Thirty-first Annual Convention. The Association of Life Insurance Presidents, New York, 1937. 254 pages.

Educational Psychological and Personality Tests of 1936. By Oscar K. Buros. School of Education, Rutgers University, New Brunswick, N. J., 1937. 141 pages. 75 cents.

Sales Analysis from the Management Standpoint. By Donald R. G. Cowan. The University of Chicago Press, Chicago, 1938. 210 pages. \$2.50.

Official Congressional Directory. 75th Congress, Third Session. United States Government Printing Office, Washington, 1937. 767 pages. \$1.00.

Iowa Workmen's Compensation Law. By Ferguson Hall. World Publishing Company, Shenandoah, Iowa, 1936. 332 pages. \$2.50.

Balances of Payments, 1936. Economic Intelligence Service, League of Nations. Columbia University Press, New York, 1938. 236 pages. \$1.50.

Income Tax Manual for New York State. By William F. Connelly. Harian Publications, New York, 1938. 32 pages. 50 cents.

How to Make a Sales Point Hit! By R. C. Borden and Dudley Lee. Prentice-Hall, Inc., New York, 1938. 50 pages. \$1.25.

International Trade in Certain Raw Materials and Foodstuffs by Countries of Origin and Consumption, 1936. Economic Intelligence Service, League of Nations. Columbia University Press, New York, 1937. 164 pages. \$1.25.

National Income and Capital Formation, 1919-1935. By Simon Kuznets. National Bureau of Economic Research, New York, 1937. 86 pages. \$1.50.

Annual Report of the State Tax Commission, 1935. Legislative Document (1936), New York. J. B. Lyon Company, Albany, 1936. 367 pages.

The Canadian Banking System. By James Holladay. Bankers Publishing Company, Boston, 1938. 291 pages.

Personal Income Taxation. By Henry C. Simons. The University of Chicago Press, Chicago, 1938. 238 pages. \$2.00.

The Business Letter in Modern Form. By William H. Butterfield. Prentice-Hall, Inc., New York, 1938. 246 pages. \$2.65.

ournal.
f cen-

ifford
tempt
siness
siness
udents

. By
Com-
pages.

ic In-
ations.
York,

State.
ublica-
s. 50

By R.
e-Hall,
\$1.25.
w Ma-
ies of
onom-
f Na-
New

nation,
ational
York,

mmis-
1936),
albany,

James
mpany,

nry C.
Press,

n. By
e-Hall,
\$2.65.

review